

ORIGINAL
OPEN MEETING



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**MEMORANDUM
RECEIVED**

Arizona Corporation Commission

DOCKETED

APR 11 2013

TO: THE COMMISSION

2013 APR 11 A 11:01

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: April 11, 2013

DOCKETED BY	nr
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RE: IN THE MATTER OF THE APPLICATION OF ACCESSLINE COMMUNICATIONS CORP. FOR AN ORDER AUTHORIZING THE ENCUMBRANCE OF ITS ASSETS. (DOCKET NO. T-04292A-13-0022)

On February 6, 2013, AccessLine Communications Corp. ("AccessLine" or "Applicant") filed an application requesting Arizona Corporation Commission ("Commission") approval, pursuant to A.R.S. §40-285, to encumber its Arizona assets in connection with certain financing arrangements to be entered into by AccessLine and Intermedia Holdings, Inc. ("Intermedia"). The financing arrangements are being undertaken in connection with Intermedia's proposed acquisition of Telanetix, Inc., ("Telanetix") (AccessLine, Telanetix and Intermedia collectively, the "Parties") and its subsidiaries, including AccessLine. Telanetix and AccessLine also seek approval of an agreement that has been executed without approval, in which AccessLine participated in certain financing arrangements whereby AccessLine pledged its assets as security for certain financing arrangements of its parent company, Telanetix.

The following background and transactions information was provided by the Applicants.

Background

AccessLine is a corporation organized under the laws of the state of Delaware and operates under the name "AccessLine Voice Services" or "AccessLine." AccessLine's business address is 11201 SE 8th St. Suite #200, Bellevue, Washington 98004. AccessLine is a wholly-owned subsidiary of AccessLine Holdings, Inc., which in turn, is a wholly-owned subsidiary of Telanetix. AccessLine was acquired by Telanetix in 2007. In Arizona, AccessLine is authorized to provide resold interexchange telecommunications services pursuant to Decision No. 69888 issued by the Commission in Docket No. T-04292A-04-0856 on August 28, 2007.

AccessLine is authorized to provide telecommunications services nationwide and holds authorizations to provide international and interstate telecommunications services from the Federal Communications Commission. After completion of the proposed transaction, AccessLine will retain its authorization and will continue to provide services to its customers. Further information concerning AccessLine's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification and other subsequent filings with the Commission and is, therefore, a matter of public record.

Telanetix is a Delaware corporation with principal offices also located at 11201 SE 8th St. Suite #200, Bellevue, Washington 98004. Telanetix is a public company traded under the

symbol "OTC BB:TNIX." Telanetix does not hold any authorizations relating to the provision of telecommunications services. Additional information on Telanetix is available on the company's website at <http://www.telanetix.com>. Intermedia is a Delaware corporation with principal offices located at 815 East Middlefield Road, Mountain View, California 94043. Intermedia is a privately held corporation, which has been in existence since 1995.

Intermedia's primary shareholder is Oak Hill Capital Partners. Oak Hill Capital Partners is a private equity firm with more than \$8.0 billion of committed capital from leading entrepreneurs, endowments, foundations, corporations, pension funds and global financial institutions. Intermedia, through its operating subsidiaries, is the premier provider of cloud services to small and mid-sized businesses. Delivered from Intermedia's secure datacenters, these services include hosted Microsoft Exchange email, VoIP, instant messaging, file management, security, backup, support for the full range of smartphones and tablets, and more.

Intermedia's proprietary cloud infrastructure assures high reliability, and a certified support team is available around the clock. Intermedia also empowers thousands of partners - including managed service providers and select Fortune 500 companies - to sell cloud services under their own brand. Founded in 1995, Intermedia was the first company to offer business-class cloud email and now has 550,000 premium hosted Exchange mailboxes under management. Intermedia's wholly-owned subsidiary, Intermedia.Net, Inc., in turn wholly owns Intermedia Voice Services, Inc., a provider of VoIP solutions to many of its customers. Additional information regarding Intermedia is available on the company's website at: <http://www.intermedia.net>.

The Current Transaction

Simultaneously with the indirect acquisition of AccessLine by Intermedia, Intermedia, through its intermediate holding company, Intermedia.Net, Inc., will enter into certain financing arrangements in order to partially fund the acquisition of Telanetix, pay off existing debt of AccessLine and Telanetix, and increase Intermedia's working capital. As part of these arrangements, substantially all of the assets of AccessLine (along with the assets of Intermedia, Telanetix and AccessLine Holdings, Inc.) will be pledged as security ("Financing").

The specific amounts and terms of the proposed Financing, which may be completed in multiple issuances and tranches, will not be priced or otherwise finalized until the specific arrangement(s) have been completed shortly before closing, and will reflect market conditions then existing. Some of the terms, such as the interest rate, may fluctuate during the term of the financing due to changes in market conditions. Through a consortium of multiple lenders, Intermedia has a commitment for approximately \$90 million in financing, including \$85 million in a new secured term loan and a \$5 million revolving credit facility. In addition, Intermedia has the ability to borrow an additional \$25 million under the same terms and conditions. The core terms of the Financing are expected to be substantially as follows:

Borrower(s): Currently, Intermedia.Net, Inc., a Delaware Corporation, is expected to be the sole or primary borrower under the Financing. Intermedia.Net, Inc. is wholly-owned by Intermedia Holdings, Inc.

Amount: The Financing is expected to be in an aggregate amount of \$90 million including both the \$85 million secured loan and a \$5 million revolving credit facility. In addition, Intermedia can borrow an additional \$25 million, for a total of \$115 million (subject to certain conditions).

Debt Instruments: As noted above, it is expected that the Financing will consist of a term loan and a revolving credit facility, which can be re-borrowed during the term of the commitment.

Maturity: The specific maturity date for any debt instruments issued in connection with the financing will be finalized shortly before closing, but it is anticipated that the Financing will be completely repaid within five (5) years of the initial closing of the Financing, subject to certain pre-payment requirements that can be triggered in certain circumstances.

Interest: The interest rate will likely be the market rate for similar financings and will not be determined until the financing arrangements are finalized. Depending on the type of debt securities, credit facility(ies) or other arrangements, the interest rate(s) could be a fixed rate (typically set at signing or closing based on then current rate index such as Eurodollar Base Rate or Federal Funds Rate, along with an applicable margin rate) or a floating rate (consisting of a base rate, which will float with a rate index such as Eurodollar Base Rate or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. Initially, the margins are expected to range from 2.50% to 5.50% depending on the type of facility and rate index used.

Security: The Financing is expected to be secured by a security interest in substantially all of the assets of Intermedia and its subsidiaries, including the equity held by Intermedia and its current and future subsidiaries in their respective subsidiaries, including the assets of AccessLine. It is expected that each subsidiary, including AccessLine, will provide guarantees of a portion or all of Intermedia's obligations under the Financing. The security documents will contain appropriate provisions indicating that exercise of certain rights thereunder may be subject to obtaining prior regulatory approval. Accordingly, Applicant requests approval to provide guarantees and related pledges of substantially all of its assets, including any equity of its subsidiaries, as security for the Financing.

Use of Proceeds: The proceeds of the Financing are expected to repay the existing AccessLine and Telanetix debt and to fund the purchase of Telanetix, as well as to provide for working capital and for general corporate purposes.

In sum, Applicant requests Commission approval, to the extent necessary, to participate in the Financing including the resulting guaranty and/or related pledge of assets by AccessLine as security for the Financing.

Prior Transaction Seeking Approval

As part of the due diligence of the current Intermedia transaction, the Parties recognized that certain prior actions of AccessLine may have required Commission approval. As a result, in addition to the foregoing approval, Telanetix and AccessLine seek approval of prior actions for

which Telanetix and AccessLine inadvertently did not seek prior Commission approval, to the extent such approval may have been required.

On June 30, 2010, Telanetix entered into securities purchase agreement ("Purchase Agreement") with EREF-TELA, LLC, a Delaware limited liability company ("EREF"), HCP-TELA, LLC, a Delaware limited liability company (HCPT), and CBG-TELA, LLC, a Delaware limited liability company ("CBG", and together with HCPT and EREF, the "Purchasers"), pursuant to which in exchange for \$10,500,000, Telanetix agreed to issue to the Purchasers \$10,500,000 of senior secured notes (the "Notes") and 287,501,703 shares of Telanetix Common Stock. The 287,501,703 shares of Common Stock were allocated as follows: 191,667,802 shares to HCPT (resulting in ownership of 55% of the outstanding shares of Common Stock), 41,071,672 shares to EREF (resulting in ownership of 11.8% of the outstanding shares of Common Stock) and 54,762,229 shares to CGB (resulting in ownership of 15.7% of the outstanding shares of Common Stock).

Telanetix issued the Notes and 225,492,765 shares of Common Stock to the Purchasers at the closing of the transactions contemplated by the Purchase Agreement on July 2, 2010 (the "Closing Date"). Telanetix issued the balance of the shares of Common Stock (approximately 62,008,938 shares) following an amendment to its certificate of incorporation to increase the authorized capital stock to permit such issuance, which amendment was filed on September 2, 2010. As a result of this transaction, HCPT acquired direct control of Telanetix and indirect control of AccessLine.

As noted above, as part of the Purchase Agreement, Telanetix issued the Purchasers \$10,500,000 of senior secured notes. The Notes are due and payable on July 2, 2014. The Notes were secured by all of Telanetix's assets under the terms of a pledge and security agreement that Telanetix and AccessLine entered into with the Purchasers. AccessLine also entered into a guarantee in favor of the Purchasers, pursuant to which AccessLine guaranteed the complete payment and performance of Telanetix under the Notes. These Notes were repaid on December 14, 2012, as part of a Loan and Security Agreement entered into between Telanetix and East West Bank ("Loan Agreement").

The Loan Agreement provided Telanetix a term loan for \$7,500,000 with principal and interest payable over four years subject to the terms of a Promissory Note between Telanetix and East West Bank ("Note"). The unpaid balance of the Note accrues interest at a rate per annum equal to the daily Wall Street Journal Prime Rate plus a margin of 1.750 percentage points. Upon prepayment of the Note, Telanetix is required to pay a premium equal to 1% of the original amount of the Note prepaid during the first year. There is no prepayment penalty after the first year. The note is secured by a security interest and lien on substantially all of Telanetix's and its subsidiaries' assets, including those of AccessLine. On January 16, 2013, the Loan Agreement between Telanetix and East West Bank was amended to include a \$1 M revolving credit facility based on Telanetix's accounts receivable balances. The Parties seek approval of both the 2010 and 2012 (as amended) financing arrangements, to the extent required.

Staff's Analysis

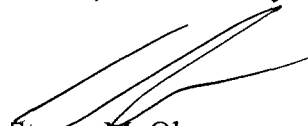
A.R.S. § 40-285 requires public service corporations to obtain Commission authorization to assign or dispose of a utility's assets as proposed in this transaction. The statute serves to protect captive customers from a utility's act to dispose of any of its assets that are necessary for the provision of service; thus, it serves to preempt any service impairment due to disposal of assets essential for providing service.

The Applicants state that the proposed transaction will not affect the rates, terms and conditions by which the applicants offer service in Arizona. The Applicants also state that the financing arrangements will not result in an interruption or disruption of service, and will be seamless and transparent to customers. Additionally, the Applicants confirmed via email that any deposits, prepayments or advance payments held by AccessLine will not be included in the proposed encumbrance. Staff concludes that the proposed transaction will not impair the availability of service to customers since the Applicants provide competitive services that are available from alternative service providers.

Staff's Recommendations

Based on its analysis of the proposed transaction and the executed transaction, Staff concludes that the transaction would not impair the financial status of AccessLine, would not impair its ability to attract capital, nor would it impair the ability of AccessLine to provide safe, reasonable, and adequate service. Customers may still have exposure to losses to the extent they have prepaid for service or made deposits. Therefore, Staff recommends approval of the application subject to the condition that all customer deposits and prepayments be excluded from encumbrance. Staff has also confirmed that the Company excluded all customer deposits and prepayments from the transaction that has been executed and for which the Applicants are seeking simultaneous approval.

Staff further recommends authorizing the Applicants to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted. Additionally, Staff recommends that one copy of the executed security documents be filed with the Utilities Division Director and a letter confirming such filing be docketed as a compliance item in this docket, within 90 days following execution of the proposed transaction.



Steven M. Olea
Director
Utilities Division

SMO:KMS:sms/BH

ORIGINATOR: Kiana M. Sears

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

**IN THE MATTER OF THE
APPLICATION OF ACCESSLINE
COMMUNICATIONS CORP. FOR AN
ORDER AUTHORIZING THE
ENCUMBRANCE OF ITS ASSETS**

DOCKET NO. T-04292A-13-0022
DECISION NO. _____
ORDER

Open Meeting
May 1 and May 2, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On February 6, 2013, AccessLine Communications Corp. ("AccessLine" or "Applicant") filed an application requesting Arizona Corporation Commission ("Commission") approval, pursuant to A.R.S. §40-285, to encumber its Arizona assets in connection with certain financing arrangements to be entered into by AccessLine and Intermedia Holdings, Inc. ("Intermedia"). The financing arrangements are being undertaken in connection with Intermedia's proposed acquisition of Telanetix, Inc., ("Telanetix") (AccessLine, Telanetix and Intermedia collectively, the "Parties") and its subsidiaries, including AccessLine. Telanetix and AccessLine also seek approval of an agreement that has been executed without approval, in which AccessLine participated in certain financing arrangements whereby AccessLine pledged its assets as security for certain financing arrangements of its parent company, Telanetix.

2. The following background and transactions information was provided by the Applicants.

1 Background

2 3. AccessLine is a corporation organized under the laws of the state of Delaware and operates
3 under the name "AccessLine Voice Services" or "AccessLine." AccessLine's business address is
4 11201 SE 8th St. Suite #200, Bellevue, Washington 98004. AccessLine is a wholly-owned
5 subsidiary of AccessLine Holdings, Inc., which in turn, is a wholly-owned subsidiary of Telanetix.
6 AccessLine was acquired by Telanetix in 2007. In Arizona, AccessLine is authorized to provide
7 resold interexchange telecommunications services pursuant to Decision No. 69888 issued by the
8 Commission in Docket No. T-04292A-04-0856 on August 28, 2007.

9 4. AccessLine is authorized to provide telecommunications services nationwide and holds
10 authorizations to provide international and interstate telecommunications services from the Federal
11 Communications Commission. After completion of the proposed transaction, AccessLine will
12 retain its authorization and will continue to provide services to its customers. Further information
13 concerning AccessLine's legal, technical, managerial and financial qualifications to provide
14 service was submitted with its application for certification and other subsequent filings with the
15 Commission and is, therefore, a matter of public record.

16 5. Telanetix is a Delaware corporation with principal offices also located at 11201 SE 8th St.
17 Suite #200, Bellevue, Washington 98004. Telanetix is a public company traded under the symbol
18 "OTC BB:TNIX." Telanetix does not hold any authorizations relating to the provision of
19 telecommunications services. Additional information on Telanetix is available on the company's
20 website at <http://www.telanetix.com>. Intermedia is a Delaware corporation with principal offices
21 located at 815 East Middlefield Road, Mountain View, California 94043. Intermedia is a privately
22 held corporation, which has been in existence since 1995.

23 6. Intermedia's primary shareholder is Oak Hill Capital Partners. Oak Hill Capital Partners is
24 a private equity firm with more than \$8.0 billion of committed capital from leading entrepreneurs,
25 endowments, foundations, corporations, pension funds and global financial institutions.
26 Intermedia, through its operating subsidiaries, is the premier provider of cloud services to small
27 and mid-sized businesses. Delivered from Intermedia's secure datacenters, these services include
28 hosted Microsoft Exchange email, VoIP, instant messaging, file management, security, backup,

1 support for the full range of smartphones and tablets, and more. The company's proprietary cloud
2 infrastructure assures high reliability, and a certified support team is available around the clock.
3 Intermedia also empowers thousands of partners - including managed service providers and select
4 Fortune 500 companies - to sell cloud services under their own brand. Founded in 1995,
5 Intermedia was the first company to offer business-class cloud email and now has 550,000
6 premium hosted Exchange mailboxes under management. Intermedia's wholly-owned subsidiary,
7 Intermedia.Net, Inc., in turn wholly owns Intermedia Voice Services, Inc., a provider of VoIP
8 solutions to many of its customers. Additional information regarding Intermedia is available on
9 the company's website at: <http://www.intermedia.net>.

10 The Current Transaction

11 7. Simultaneously with the indirect acquisition of AccessLine by Intermedia, Intermedia,
12 through its intermediate holding company, Intermedia.Net, Inc., will enter into certain financing
13 arrangements in order to partially fund the acquisition of Telanetix, pay off existing debt of
14 AccessLine and Telanetix, and increase Intermedia's working capital. As part of these
15 arrangements, substantially all of the assets of AccessLine (along with the assets of Intermedia,
16 Telanetix and AccessLine Holdings, Inc.) will be pledged as security ("Financing").

17 8. The specific amounts and terms of the proposed Financing, which may be completed in
18 multiple issuances and tranches, will not be priced or otherwise finalized until the specific
19 arrangement(s) have been completed shortly before closing, and will reflect market conditions then
20 existing. Some of the terms, such as the interest rate, may fluctuate during the term of the
21 financing due to changes in market conditions. Through a consortium of multiple lenders,
22 Intermedia has a commitment for approximately \$90 million in financing, including \$85 million in
23 a new secured term loan and a \$5 million revolving credit facility. In addition, Intermedia has the
24 ability to borrow an additional \$25 million under the same terms and conditions. The core terms
25 of the Financing are expected to be substantially as follows:

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9. Borrower(s): Currently, Intermedia.Net, Inc., a Delaware Corporation, is expected to be the sole or primary borrower under the Financing. Intermedia.Net, Inc. is wholly-owned by Intermedia Holdings, Inc.

10. Amount: The Financing is expected to be in an aggregate amount of \$90 million including both the \$85 million secured loan and a \$5 million revolving credit facility. In addition, Intermedia can borrow an additional \$25 million, for a total of \$115 million (subject to certain conditions).

11. Debt Instruments: As noted above, it is expected that the Financing will consist of a term loan and a revolving credit facility, which can be re-borrowed during the term of the commitment.

12. Maturity: The specific maturity date for any debt instruments issued in connection with the financing will be finalized shortly before closing, but it is anticipated that the Financing will be completely repaid within five (5) years of the initial closing of the Financing, subject to certain pre-payment requirements that can be triggered in certain circumstances.

13. Interest: The interest rate will likely be the market rate for similar financings and will not be determined until the financing arrangements are finalized. Depending on the type of debt securities, credit facility(ies) or other arrangements, the interest rate(s) could be a fixed rate (typically set at signing or closing based on then current rate index such as Eurodollar Base Rate or Federal Funds Rate, along with an applicable margin rate) or a floating rate (consisting of a base rate, which will float with a rate index such as Eurodollar Base Rate or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. Initially, the margins are expected to range from 2.50% to 5.50% depending on the type of facility and rate index used.

14. Security: The Financing is expected to be secured by a security interest in substantially all of the assets of Intermedia and its subsidiaries, including the equity held by Intermedia and its current and future subsidiaries in their respective subsidiaries, including the assets of AccessLine. It is expected that each subsidiary, including AccessLine will provide guarantees of a portion or all of Intermedia's obligations under the Financing. The security documents will contain appropriate provisions indicating that exercise of certain rights thereunder

1 may be subject to obtaining prior regulatory approval. Accordingly, Applicant requests approval to
2 provide guarantees and related pledges of substantially all of its assets, including any equity of its
3 subsidiaries, as security for the Financing.

4 15. Use of Proceeds: The proceeds of the Financing are expected to repay the existing
5 AccessLine and Telanetix debt and to fund the purchase of Telanetix, as well as to provide for
6 working capital and for general corporate purposes.

7 16. In sum, Applicant requests Commission approval, to the extent necessary, to
8 participate in the Financing including the resulting guaranty and/or related pledge of assets by
9 AccessLine as security for the Financing.

10 Prior Transaction Seeking Approval

11 17. As part of the due diligence of the current Intermedia transaction, the Parties
12 recognized that certain prior actions of AccessLine may have required Commission approval. As a
13 result, in addition to the foregoing approval, Telanetix and AccessLine seek approval of prior
14 actions for which Telanetix and AccessLine inadvertently did not seek prior Commission approval,
15 to the extent such approval may have been required.

16 18. On June 30, 2010, Telanetix entered into securities purchase agreement ("Purchase
17 Agreement") with EREF-TELA, LLC, a Delaware limited liability company ("EREF"), HCP-
18 TELA, LLC, a Delaware limited liability company (HCPT), and CBG-TELA, LLC, a Delaware
19 limited liability company ("CBG", and together with HCPT and EREF, the "Purchasers"),
20 pursuant to which in exchange for \$10,500,000, Telanetix agreed to issue to the Purchasers
21 \$10,500,000 of senior secured notes (the "Notes") and 287,501,703 shares of Telanetix Common
22 Stock. The 287,501,703 shares of Common Stock were allocated as follows: 191,667,802 shares to
23 HCPT (resulting in ownership of 55% of the outstanding shares of Common Stock), 41,071,672
24 shares to EREF (resulting in ownership of 11.8% of the outstanding shares of Common Stock) and
25 54,762,229 shares to CGB (resulting in ownership of 15.7% of the outstanding shares of Common
26 Stock).

27 19. Telanetix issued the Notes and 225,492,765 shares of Common Stock to the
28 Purchasers at the closing of the transactions contemplated by the Purchase Agreement on July 2,

1 2010 (the "Closing Date"). Telanetix issued the balance of the shares of Common Stock
2 (approximately 62,008,938 shares) following an amendment to its certificate of incorporation to
3 increase the authorized capital stock to permit such issuance, which amendment was filed on
4 September 2, 2010. As a result of this transaction, HCPT acquired direct control of Telanetix and
5 indirect control of AccessLine.

6 20. As noted above, as part of the Purchase Agreement, Telanetix issued the Purchasers
7 \$10,500,000 of senior secured notes. The Notes are due and payable on July 2, 2014. The Notes
8 were secured by all of Telanetix's assets under the terms of a pledge and security agreement that
9 Telanetix and AccessLine entered into with the Purchasers. AccessLine also entered into a
10 guarantee in favor of the Purchasers, pursuant to which AccessLine guaranteed the complete
11 payment and performance of Telanetix under the Notes. These Notes were repaid on December 14,
12 2012, as part of a Loan and Security Agreement entered into between Telanetix and East West
13 Bank ("Loan Agreement").

14 21. The Loan Agreement provided Telanetix a term loan for \$7,500,000 with principal
15 and interest payable over four years subject to the terms of a Promissory Note between Telanetix
16 and East West Bank ("Note"). The unpaid balance of the Note accrues interest at a rate per annum
17 equal to the daily Wall Street Journal Prime Rate plus a margin of 1.750 percentage points. Upon
18 prepayment of the Note, Telanetix is required to pay a premium equal to 1% of the original amount
19 of the Note prepaid during the first year. There is no prepayment penalty after the first year. The
20 note is secured by a security interest and lien on substantially all of Telanetix's and its
21 subsidiaries' assets, including those of AccessLine. On January 16, 2013, the Loan Agreement
22 between Telanetix and East West Bank was amended to include a \$1 M revolving credit facility
23 based on Telanetix's accounts receivable balances. The Parties seek approval of both the 2010 and
24 2012 (as amended) financing arrangements, to the extent required.

25 Staff's Analysis

26 22. A.R.S. § 40-285 requires public service corporations to obtain Commission
27 authorization to assign or dispose of a utility's assets as proposed in this transaction. The statute
28 serves to protect captive customers from a utility's act to dispose of any of its assets that are

1 necessary for the provision of service; thus, it serves to preempt any service impairment due to
2 disposal of assets essential for providing service.

3 23. The Applicants state that the proposed transaction will not affect the rates, terms
4 and conditions by which the applicants offer service in Arizona. The Applicants also state that the
5 financing arrangements will not result in an interruption or disruption of service, and will be
6 seamless and transparent to customers. Additionally, the Applicants confirmed via email that any
7 deposits, prepayments or advance payments held by AccessLine will not be included in the
8 proposed encumbrance. Staff concludes that the proposed transaction will not impair the
9 availability of service to customers since the Applicants provide competitive services that are
10 available from alternative service providers.

11 Staff's Recommendations

12 24. Based on its analysis of the proposed transaction and the executed transaction, Staff
13 concludes that the transaction would not impair the financial status of AccessLine, would not
14 impair its ability to attract capital, nor would it impair the ability of the AccessLine to provide
15 safe, reasonable, and adequate service. Customers may still have exposure to losses to the extent
16 they have prepaid for service or made deposits. Therefore, Staff recommends approval of the
17 application subject to the condition that all customer deposits and prepayments be excluded from
18 encumbrance. Staff has also confirmed that AccessLine excluded all customer deposits and
19 prepayments from the transaction that has been executed and for which the Applicants are seeking
20 simultaneous approval.

21 25. Staff further recommends authorizing the Applicants to engage in any transactions
22 and to execute any documents necessary to effectuate the authorizations granted. Additionally,
23 Staff recommends that one copy of the executed security documents be filed with the Utilities
24 Division Director and a letter confirming such filing be docketed as a compliance item in this
25 docket, within 90 days following execution of the proposed transaction.

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CONCLUSIONS OF LAW

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2 1. AccessLine Communications Corp. is a public service corporation within the
3 meaning of Article XV of the Arizona Constitution.

4 2. The Commission has jurisdiction over AccessLine Communications Corp. and the
5 subject matter in this filing.

6 3. The Commission, having reviewed the filing and Staff's Memorandum dated April
7 11, 2013, concludes that it is in the public interest to grant approval as proposed and discussed
8 herein.

ORDER

9
10 IT IS THEREFORE ORDERED that the application of AccessLine Communications Corp.
11 requesting approval to encumber its Arizona assets in connection with certain financing
12 arrangements and the request for approval of a previously executed agreement in which an
13 encumbrance occurred be and hereby are approved, subject to the condition that all customer
14 deposits and prepayments will be excluded from encumbrance.

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1 IT IS FURTHER ORDERED that AccessLine Communications Corporation be and hereby
2 is authorized to engage in any transactions and to execute any documents necessary to effectuate
3 the authorizations granted.

4 IT IS FURTHER ORDERED that one copy of the executed security documents shall be
5 filed with the Utilities Division Director and a letter confirming such filing shall be docketed as a
6 compliance item in this docket within 90 days following execution of the proposed transaction.

7 IT IS FURTHER ORDERED that this Decision become effective immediately.

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10
11 _____
12 CHAIRMAN

COMMISSIONER

13
14 COMMISSIONER

COMMISSIONER

COMMISSIONER

15
16 IN WITNESS WHEREOF, I, JODI JERICH, Executive
17 Director of the Arizona Corporation Commission, have
18 hereunto, set my hand and caused the official seal of this
19 Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2013.

20
21 _____
22 JODI JERICH
EXECUTIVE DIRECTOR

23 DISSENT: _____

24
25 DISSENT: _____

26 SMO:KMS:sms/BH
27
28

1 SERVICE LIST FOR:
2 DOCKET NO.

3 Michael T. Hallam
4 LEWIS AND ROCA LLP
5 40 North Central Ave.
6 Phoenix, Arizona 85004-4429

7 Glenn S. Richards
8 Pillsbury Winthrop Shaw Pittman LLP
9 2300 N St., NW,
10 Washington, DC 20037

11 William B. Wilhem, Jr.
12 Douglas D. Orvis
13 Jeffrey R. Strenkowski
14 Bingham McCutchen LLP
15 2020 K Street, NW
16 Washington, DC 20006

17 Mr. Steven M. Olea
18 Director, Utilities Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Ms. Janice M. Alward
23 Chief Counsel, Legal Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007
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28